

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

February 14, 2022

1:35 p.m.

DRAFT

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak, Vice Chair
Senator Peter Micciche
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Gary Stevens

COMMITTEE CALENDAR

CONFIRMATION HEARING(S)

Alaska Workers' Compensation Board

Sarah Lefebvre - Fairbanks

Sara Faulkner - Homer

Randy Beltz - Anchorage

Brad Austin - Auke Bay

- HEARD AND HELD

Marijuana Control Board

Ely Cyrus - Kiana

Eliza Muse - Anchorage

- HEARD AND HELD

SENATE BILL NO. 41

"An Act relating to health care insurers; relating to availability of payment information; relating to an incentive program for electing to receive health care services for less than the average price paid; relating to filing and reporting requirements; relating to municipal regulation of disclosure of health care services and price information; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 41

SHORT TITLE: HEALTH INSURANCE INFO.; INCENTIVE PROGRAM

SPONSOR(s): SENATOR(s) HUGHES

01/25/21	(S)	PREFILE RELEASED 1/15/21
01/25/21	(S)	READ THE FIRST TIME - REFERRALS
01/25/21	(S)	L&C, FIN
04/07/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/07/21	(S)	Heard & Held
04/07/21	(S)	MINUTE(L&C)
05/14/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
05/14/21	(S)	<Bill Hearing Canceled>
02/14/22	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SARAH LEFEBVRE, Appointee

Alaska Workers' Compensation Board

Department of Labor and Workforce Development (DOLWD)

Fairbanks, Alaska

POSITION STATEMENT: Testified for reappointment to the Alaska Workers' Compensation Board.

RANDY BELTZ, Appointee

Alaska Workers' Compensation Board

Department of Labor and Workforce Development (DOLWD)

Anchorage, Alaska

POSITION STATEMENT: Testified for reappointment to the Alaska Workers' Compensation Board.

BRADLEY AUSTIN, Appointee

Alaska Workers' Compensation Board

Department of Labor and Workforce Development (DOLWD)

Auke Bay, Alaska

POSITION STATEMENT: Testified for reappointment to the Alaska Workers' Compensation Board.

SARA FAULKNER, Appointee

Alaska Workers' Compensation Board

Department of Labor and Workforce Development (DOLWD)

Homer, Alaska

POSITION STATEMENT: Testified for reappointment to the Alaska Workers' Compensation Board.

ELY CYRUS, Appointee

Marijuana Control Board

Department of Commerce, Community and Economic Development
Kiana, Alaska

POSITION STATEMENT: Testified as an appointee to the Marijuana Control Board.

ELIZA MUSE, Appointee

Marijuana Control Board

Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Testified as an appointee to the Marijuana Control Board.

LACY WILCOX, President

Alaska Marijuana Industry Association (AMIA)

Juneau, Alaska

POSITION STATEMENT: Testified that AMIA likes what it has seen so far about Ely Cyrus for the rural seat on the Marijuana Control Board and opposes the appointment of Eliza Muse to the public health seat on the Marijuana Control Board.

SENATOR SHELLEY HUGHES

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 41.

BUDDY WHIT, Staff

Senator Shelley Hughes

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented the changes between version A and version I for SB 41.

LORI WING-HEIER, Director

Division of Insurance

Department of Commerce, Community and Economic Development

Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on SB 41.

ACTION NARRATIVE

1:35:26 PM

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:35 p.m. Present at the call to

order were Senators Gray-Jackson, Revak, and Chair Costello. Senator Micciche arrived during the course of the meeting.

CONFIRMATION HEARING(S)
Alaska Workers' Compensation Board
Marijuana Control Board

[1:36:29 PM](#)

CHAIR COSTELLO announced the consideration of Governor Appointees to boards and commissions. She asked Sarah Lefebvre to tell the committee why she is interested in being reappointed to the Alaska Workers' Compensation Board.

[1:37:17 PM](#)

SARAH LEFEBVRE, Alaska Workers' Compensation Board, Fairbanks, Alaska, stated that she holds one of the two industry seats on the board and has served since about 2008. She described the work the board does as very important because the cases involve somebody's life, livelihood, and future. A lot is at stake in each decision the board makes, whether it is regulation or adjudication. Because the learning curve for this board is so steep, there is benefit from the longevity among its members. She holds the industry seat but views herself as fairly moderate. She weighs and balances all factors and follows the statutes when making decisions. She opined that she brings strong value to the board and system.

CHAIR COSTELLO thanked her for her service.

[1:39:12 PM](#)

SENATOR REVAK asked what value she brings to the board and what challenges and potential solutions does she foresee.

MS. LEFEBVRE explained that she spends considerable time carefully reading and considering the documents the panel assigns, the northern panel in particular. Further, having heard so many cases and read so many decisions and orders as well as compromises and releases, she has a good grasp of the history, trends, and challenges in the, which is valuable in the regulatory process. She added that she also advocates for certain changes to the system through the Fairbanks Chamber of Commerce, the Association of General Contractors, and the legislature.

[1:42:02 PM](#)

CHAIR COSTELLO asked if the board initially finds out about cases after a worker visits a health care provider and indicates

on a form that the visit is related to a workers' compensation claim.

MS. LEFEBVRE explained that the board never hears about the majority of injury cases. It is only when a case becomes complicated and there is a dispute over who should pay the medical bills. In those instances the case becomes a claim, which then goes to the board.

CHAIR COSTELLO found no further questions.

1:43:56 PM

CHAIR COSTELLO asked Randy Beltz to tell the committee about himself, his experience on the board and why he is interested in continuing to serve.

1:44:08 PM

RANDY BELTZ, Appointee, Alaska Workers' Compensation Board, Anchorage, Alaska, stated that he was born and raised in Alaska and has family who also live and work in the state. He is a manager at North Star Terminal and Stevedoring Services and the incoming president of the Alaska Alliance. He stated that he has served on the Alaska Workers' Compensation Board for the last three years and has enjoyed the work. He opined that he has a well-rounded base of experience to guide him in considering regulations and hearing cases. This past experience is valuable when considering the complex cases that come before the board. He looks forward to continuing to serve.

CHAIR COSTELLO asked him to clarify when he was appointed and when his term expires because the official website shows that he was appointed March 1, 2019 and that his term expires in 2025.

MR. BELTZ offered his understanding that the appointment was for three years, starting in March 2019. He started going through the reappointment process about a month ago.

CHAIR COSTELLO thanked him for his service.

CHAIR COSTELLO asked Brad Austin to introduce himself.

1:47:00 PM

BRADLEY AUSTIN, Appointee, Alaska Workers' Compensation Board, Auke Bay, Alaska, stated that he has lived in Juneau for more than 50 years and formerly was the training coordinator and instructor for United Association Plumbers and Pipefitters Local 262. He related that this is a reappointment and he agrees with

previous testimony that longevity is important for this board. The issues the board hears when claims come to hearing are very complex both legally and medically. The board also does important regulation work. He opined that the board has a good start on the regulations that have helped to lower the cost of workers' compensation. He said he has been serving on the board since 2010 and would like to continue.

CHAIR COSTELLO asked if individuals in the system travel out of state because the medical procedures are less expensive.

MR. AUSTIN answered that the travel outside the state is often because a specialist is needed. The board sometimes assigns a second independent medical examiner and they are often located outside of Alaska.

CHAIR COSTELLO thanked him for his service.

[1:49:26 PM](#)

SENATOR MICCICHE joined the committee.

CHAIR COSTELLO asked Sara Faulkner to introduce herself and provide some background.

[1:49:38 PM](#)

SARA FAULKNER, Appointee, Alaska Workers' Compensation Board, Homer, Alaska, stated that her appointment is to the industry for Southcentral. She has been a resident of Alaska for more than 40 years and formerly worked in various roles for Arco Alaska. She has served on the board since 2019 and has enjoyed it for the positive effect the work has on the lives of injured workers and the improvements to business practices. She is a good listener, which is an important skill for board members.

CHAIR COSTELLO expressed appreciation for her contributions to Alaska.

[1:51:02 PM](#)

CHAIR COSTELLO asked Eli Cyrus to tell the committee about his interest in serving on the Marijuana Control Board.

[1:51:23 PM](#)

ELY CYRUS, Appointee, Marijuana Control Board, Kiana, Alaska, stated that he was appointed to the rural seat on the Marijuana Control Board. He related that he is 30 years old and has lived in Kiana his entire life. He currently works as the city administrator of the City of Kiana and serves several committees of

NANA Regional Corporation. He explained his interest in serving on this board stems from his belief that the marijuana industry offers an opportunity for economic development in rural areas. He wants to be part of helping the state foster a good relationship between this industry and the people living in rural Alaska. He opined that the state will be in a good position to help the industry grow and provide jobs for Alaskans once the federal law changes

CHAIR COSTELLO asked what he sees as the challenges facing the marijuana industry in Alaska.

MR. CYRUS said the industry as a whole has problems in rural Alaska associated with complying with federal regulations. Moving marijuana products to and from rural Alaska is problematic because air carriers in particular are regulated by the federal government. Banking receipts from marijuana businesses is also an impediment and will be as long as marijuana is illegal at the federal level.

CHAIR COSTELLO found no further questions.

CHAIR COSTELLO asked Eliza Muse to tell the committee about her interest in serving on the Marijuana Control Board.

1:55:05 PM

ELIZA MUSE, Appointee, Marijuana Control Board, Anchorage, Alaska, stated that her appointment is to the public health seat. She related that she is a lifelong Alaskan who has worked since 2011 for the Department of Health and Social Services (DHSS), Division of Public Health (DPH). She holds a master's degree in health policy and administration. She said she has tracked cannabis policies since it was legalized and participated in efforts to understand the public health implications of increased access to cannabis products. She oversees the marijuana education program that the legislature funded in 2018, which uses data and science to understand how legalization has affected public health. Grant funding is used to specifically address cannabis use. The reasons she wants to serve on this board include that she supports a well-regulated cannabis industry that balances the needs of cannabis consumers with public health to ensure that products are safely available, tested, intuitively labeled, and the packaging is child-proof. She brings her training in public health, knowledge of the data systems used to understand the health effects of cannabis use, and a willingness to work with board members and the cannabis industry to ensure that rulemaking balances industry and public

health and safety. She clarified that she represents Alaskans' public health when rulemaking and her positions on these issues are her own and not DHSS, unless she notes otherwise.

CHAIR COSTELLO asked her to share how legalizing marijuana in Alaska has affected youths and their rate of usage.

MS. MUSE related that the division's Youth Risk Behavior Survey has tracked cannabis use by youths for over 15 years and the data shows that rates have remained stable pre and post legalization.

CHAIR COSTELLO asked what she attributes that to since there is greater access.

1:58:23 PM

MS. MUSE said a variety of factors could account for that, including that this might be one of the healthiest generations the country has seen. There has been decreased use of alcohol, tobacco and nicotine products so the fact that marijuana use is stable could indicate there is a problem.

1:59:42 PM

CHAIR COSTELLO opened public testimony on the Governor Appointees.

1:59:56 PM

LACY WILCOX, President, Alaska Marijuana Industry Association (AMIA), Juneau, Alaska, stated that AMIA is neutral, but leaning toward supporting the appointment of Ely Cyrus to the rural seat on the Marijuana Control Board. There has not been sufficient time to observe him as a board member, but AMIA likes what it has heard so far.

MS. WILCOX stated that AMIA opposes Eliza Muse for the public health seat on the Marijuana Control Board. She has been unwilling to work with AMIA and has demonstrated a clear lack of knowledge about cannabis in general. She relayed that Ms. Muse had hindered businesses, had been inconsistent in her voting, and had "flip flopped," which causes stress for applicants who have come forward with innovations. She voiced concern that Ms. Muse appears to be using her position on the board as an extension of her day job, which is prohibitive toward cannabis. She maintained that Ms. Muse seems to be extending the efforts to keep cannabis out of the hands of youths to the general population, which if continued will hurt the industry. Ms. Muse continues to produce cannabis related educational material [in

her day job], but has not contacted AMIA, which is the only statewide trade group, and she has not responded to AMIA's efforts to consult.

MS. WILCOX stated that members and nonmembers alike have called on AMIA to loudly oppose the confirmation of Ms. Muse to the Marijuana Control Board. The general belief among operators is that Ms. Muse does not want to be educated and is firm in her distain for cannabis as a compound, often calling it a chemical.

MS. WILCOX said AMIA is very aware of the need for a public health seat on this regulating board, but believes that Ms. Muse could do more damage than good if she is confirmed because she is neither knowledgeable nor supportive of the cannabis industry.

[2:03:51 PM](#)

At ease

[2:06:13 PM](#)

CHAIR COSTELLO reconvened the meeting and asked Ms. Muse if she would like to respond to the previous testimony.

[2:06:32 PM](#)

MS. MUSE expressed appreciation for the feedback from AMIA and restated that she believes in and supports a well-regulated cannabis industry in Alaska. That means that cannabis products are safely available for individuals 21 years of age and older. She stressed that she did not want to return to prohibition times. "I don't think that's in the best interest of Alaskans' health and that's not what Alaskans voted for in 2014. And being part of this board will help move regulations to a place where these products are safe." She said her conversations with the industry have been about ensuring that products available through the marketplace are safe and tested because currently they are having to compete with the illicit market. She said she believes in the industry and she wants to serve in the public health seat on the board.

CHAIR COSTELLO asked Senator Micciche to read the requirements for this seat.

[2:08:23 PM](#)

SENATOR MICCICHE paraphrased AS 17.38.080(b)(1)-(5) Marijuana Control Board; appointment and qualifications.

(b) The board members shall be appointed by the governor and confirmed by a majority of the members of the legislature in joint session. A member of the board may not hold any other state or federal office, either elective or appointive. The board consists of five voting members as follows:

- (1) one person from the public safety sector;
- (2) one person from the public health sector;
- (3) one person currently residing in a rural area;
- (4) one person actively engaged in the marijuana industry; and
- (5) one person who is either from the general public or actively engaged in the marijuana industry.

SENATOR MICCICHE paraphrased AS 17.38.080(e)(4), which reads as follows:

(e) In this section,

- (4) "public health sector" means a state, federal, or local entity that works to ensure the health and safety of persons and communities through education, policymaking, treatment and prevention of injury and disease, and promotion of wellness;

CHAIR COSTELLO asked him to repeat the last portion and he complied.

[2:09:33 PM](#)

CHAIR COSTELLO discerned that there were no other testifiers and closed public testimony on the foregoing appointments to the Alaska Workers' Compensation Board and the Marijuana Control Board.

CHAIR COSTELLO stated that she would hold the appointments until the website for boards and commissions accurately reflects the appointment and expiration dates for all the appointees.

[2:10:27 PM](#)

At ease

SB 41-HEALTH INSURANCE INFO.; INCENTIVE PROGRAM

2:12:23 PM

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 41 "An Act relating to health care insurers; relating to availability of payment information; relating to an incentive program for electing to receive health care services for less than the average price paid; relating to filing and reporting requirements; relating to municipal regulation of disclosure of health care services and price information; and providing for an effective date."

CHAIR COSTELLO noted that the bill was heard last year and today there was a committee substitute for the committee to consider.

2:12:42 PM

SENATOR REVAK moved to adopt the work draft committee substitute (CS) for SB 41, work order 32-LS0247\I, as the working document.

CHAIR COSTELLO objected for an explanation of changes.

2:13:09 PM

SENATOR SHELLEY HUGHES, Alaska State Legislature, Juneau, Alaska, sponsor of SB 41 thanked the committee for hearing the bill a second time. She said this bill provides an opportunity to help with the high cost of healthcare in the state.

2:13:56 PM

BUDDY WHIT, Staff, Senator Shelley Hughes, Alaska State Legislature, Juneau, Alaska, read the changes between version A and version I for SB 41. He explained that the CS makes structural changes to the bill, but it does not change the result.

[Original punctuation provided.]

Page 1, Line 3

Replaces "the average price paid" in the title with "the median of the contract rates recognized by an insurer." This change is made throughout Version I.

Sec. 2 - Page 1

Version I removes entirely the previous section 2, which required health care providers to provide to any uninsured patients estimates of total charges that include any financial assistance available from the provider and direct the patient to any available websites that provide information about standard

charges for that type of health care service. The following sections are renumbered accordingly.

[2:15:17 PM](#)

Sec. 3 - AS 21.36.100 Page 3, Lines 2-18

Adds to statute an exception for the incentive program described in section 4, AS 21.96.220, to allow for rebates of premiums payable for health insurance coverage.

Sec. 4 - AS 21.96 Page 3, Lines 19-31, Page 4, Lines 1-31, Page 5, Lines 1-31, Page 6, Lines 1-15

Version I inserts the title "Article 2. Health Care Insurance Incentive Program," before adding new sections.

In section 21.96.210, the term "a health care insurer" is updated to specify "a health care insurer that offers a health care insurance policy in the group or individual market." This change is made throughout Version I. In Version A, this section requires health care insurers to provide an interactive online mechanism for covered individuals to request information on payments made by the insurer to network health care providers for services and compare prices among network providers. In Version I, this section requires that health care insurers must provide comprehensive comparison guidance by telephone and online, and further, must allow a covered individual to compare the amount of cost sharing that he would be responsible for paying. The health care insurer must comply with the federal code regarding the maintenance of such a price comparison tool.

[2:16:48 PM](#)

In section 21.96.220(a), the language is updated to specify "a monetary incentive" instead of "an incentive." Version I removes the list of specific health care service categories which a health care insurer must include in the incentive program.

The language in section 21.96.220(b) from Version A is separated into three subsections in Version I: (b), (c), and (d). Additional language is inserted to specify that a health care insurer is not required to provide an incentive payment if the cost savings to the insurer is \$200 or fewer. The previously lettered

subsection (c), which stated that the average price must be based on a period that does not exceed one year is removed in Version I.

2:17:44 PM

In subsection (e), Version I states that an incentive payment is not a violation of AS 21.36.100, which is also specified in section 3 of the bill.

Sec. 21.96.260 is updated from requiring that health care insurers file annual reports regarding their incentive programs with the director of the Division of Insurance, to requiring that they provide that information to the director if requested. Subsection (b) is updated to include this information in the director's annual report, submitted to the House and Senate Labor & Commerce Committees, rather than in a separate report.

Sec. 21.96.280 is a new section in Version I which specifies that sections 21.96.210 - 21.96.300 apply to a health care insurance policy or contract but do not apply to excepted exempted benefits, except for those benefits provided under dental and vision insurance policies.

Section 21.96.300 replaces the definition of "health care insurance plan" with definitions for "health care insurance" and "policy" to conform to technical language fixes made throughout Version I.

2:19:05 PM

Sec. 8 - Page 7, Lines 13-18

Version I specifies that the director of the Division of Insurance may adopt regulations necessary to implement this Act, rather than broadly the Department of Commerce Community and Economic Development.

Sec. 10 - Page 7, Line 20

Updates the effective date from January 1, 2022 to January 1, 2023, for all sections but 7 and 8, which take effect immediately.

2:19:35 PM

CHAIR COSTELLO asked what Sections 7 and 8, which take effect immediately, are about.

MR. Whit explained that Section 7 is uncodified law about the report that was mentioned and Section 8 is transition language for the regulations for this Act, which fall under the director of the Division of Insurance.

CHAIR COSTELLO observed that this allows the division to start the regulation process before the law becomes effective.

MR. WHIT replied that is correct.

SENATOR HUGHES offered her belief that the changes in this committee substitute enhance what the bill seeks to do. For example, version I says a health care insurer is not required to provide an incentive payment if the cost savings to the insurer is less than \$200. Also, the insurance companies only have to file the reports at the request of the director, not automatically. The CS also specifies that the incentive to get people to shop will be monetary, which is in line with the goal to reintroduce free market principles into the healthcare industry. Somebody who shops for a less expensive provider will share in the savings. She noted that the online tool, which did not work when the bill was heard last year, will be required at the federal level and that will make this bill work. The target date for those online tools has been extended to July 1, 2022.

[2:22:02 PM](#)

CHAIR COSTELLO removed her objection. Finding no further objection, version I was adopted.

SENATOR GRAY-JACKSON asked for a brief explanation of what the bill does.

[2:22:57 PM](#)

At ease.

[2:23:45 PM](#)

CHAIR COSTELLO reconvened the meeting and asked the sponsor to refresh the members' recall of what SB 41 does.

SENATOR HUGHES explained that this is a pro-consumer bill that seeks to reduce health care costs for Alaskans. She cited the example of somebody who gets knee surgery. The individual would be able to use an online tool through their insurance company to find the providers for the procedure and the cost. If the cost ranges from \$5,000 to \$15,000, the average would be \$10,000. If the individual selects a provider that charges \$7,000, the

individual, the employer, and the insurance company each would realize a \$1,000 savings. She opined that this monetary incentive would make individuals shop. This is more user friendly for the consumer than previous legislation that also intended to reduce health care costs.

She relayed that several states have passed similar legislation and it has proved to be successful. She posited that over time the providers who charge the most may nudge their prices down. She said more expensive care does not equate to better care and her belief is that someone who shops is more likely to listen to their provider and take better care of their health.

CHAIR COSTELLO observed that the language on page 4, line 17 talks about median rates and paragraph (21) on page 4 says the consumer receives at least 50 percent of the difference between what they selected and the median rate. She asked the sponsor to comment.

SENATOR HUGHES offered her understanding that if an employer is not providing the insurance, the consumer would split the savings 50:50 with the insurance company.

CHAIR COSTELLO welcomed Lori Wing-Heier.

2:28:34 PM

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, introduced herself.

CHAIR COSTELLO asked how SB 41 will affect the health care of Alaskan consumers.

MS. WING-HEIER explained that the bill tells consumers that they will benefit from the savings if they find an out of network provider that is charging less for a given procedure. On an employer sponsored plan the savings would be split equally between the employer, the insurance company, and the consumer. Each would receive one-third of the savings. The individual market does not have employer-sponsored plans so the split would be 50:50. The bill helps encourage Alaskans to look at the cost of health care, how much their insurance company would pay, and to consider selecting the best price. The incentive is that the consumer will recognize some of the savings from their selection.

2:29:56 PM

SENATOR MICCICHE said he likes the concept, but wonders whether the reimbursement could possibly be greater than the out-of-pocket payment. He provided a hypothetical example of a heart surgery with costs much higher and much lower than the median cost of \$150,000. The insured's selection saved \$50,000 and their out-of-pocket payment was \$6,000. He asked if the consumer could profit from that savings or if there would be a cap.

MS. WING-HEIER said the bill does not cap what the insured can recover. She explained that most plans have an annual out-of-pocket maximum so the consumer's portion of the savings could exceed what they spent out of pocket.

SENATOR MICCICHE asked if this could also apply to elective surgery such as braces.

MS. WING-HEIER answered yes.

[2:31:55 PM](#)

SENATOR GRAY-JACKSON provided a hypothetical example of a surgery that ranged in cost from \$75 to \$100. She asked if the \$25 difference was the amount that would be split.

MS. WING-HEIER answered yes; the insured is not required to go to the out-of-network doctor that charges less for the procedure, but it is an option for the insured. A consumer that selects that option may benefit from the savings.

She referenced the Chair's earlier observation and explained that the division asked the sponsor to use the median rate in the bill because that is the measure required in the federal No Surprise Act.

CHAIR COSTELLO referenced Senator Gray-Jackson's example and offered her understanding that the bill does not apply to any cost that is less than \$200.

MS. WING-HEIER replied that is correct.

SENATOR MICCICHE noted the bill packet contains information about legislation enacted in Florida that authorizes insurers to participate in the individual and small group markets to develop shared savings programs for enrollees. He asked if any other states have an incentive similar to SB 41 and if the savings can be above the out-of-pocket costs.

MS. WING-HEIER recalled that New Hampshire and Maine have a similar statute, but she did not know if those allow realized savings that are above the out-of-pocket amount.

2:34:56 PM

CHAIR COSTELLO asked if the consumer has to talk to all the doctors involved in a given procedure to determine which option is cheaper.

MS. WING-HEIER answered no; the incentive is based on what the surgeon charges and it would be a separate incentive program if the insured wanted to price compare anesthesiologists as well. She noted that a consumer looking for an overall price generally will know the surgery center and the anesthesiologist the doctor uses.

CHAIR COSTELLO asked what happens if the consumer is not able to get the information from the provider because they're told "it depends." She relayed her experience

2:37:11 PM

MS. WING-HEIER said federal law requires providers to give a good faith estimate, but acknowledged the possibility of unforeseen circumstances that could increase the charge. It happens but it is not an everyday occurrence.

CHAIR COSTELLO asked how the division contemplates educating Alaskans about the bill.

MS. WING-HEIER replied, should the bill be signed into law, the division would work with the insurance companies to ensure they tell their policy holders that this exists. The division would also post the information on its website and through social media.

CHAIR COSTELLO asked what happens if the insured finds an in-network provider that is cheaper.

MS. WING-HEIER replied that should not affect the incentive. Theoretically, she said there should not be much difference between what providers in the same network are paid.

2:39:47 PM

SENATOR REVAK asked if the insured could realize savings in excess of the deductible.

MS. WING-HEIER replied it is possible.

SENATOR REVAK said he appreciates the idea of shared savings. He relayed that his office looked at shared savings for Medicaid and found that other states imposed a timeframe because people were trying to game the system to get cash back. He suggested that was a consideration.

CHAIR COSTELLO observed that in some instances the deductible could be as low as \$250. She asked Ms. Wing-Heier to comment.

MS. WING-HEIER said that for a large more expensive procedure, the differential between the network rate and the less expensive out-of-network rate could exceed the deductible. It's less likely if the procedure is less costly.

SENATOR REVAK restated that he was not opposed to the idea, but when he looked at it in the Medicaid context he found the feedback from other states about unintended consequences interesting. He didn't know if a fix was necessary, but it was something to think about, he said.

MS. WING-HEIER responded that the bill is meant to benefit consumers and if the division saw somebody trying to game the system they would use the statutory authority available to stop it as quickly as possible.

[2:43:57 PM](#)

CHAIR COSTELLO asked whether the bill provides the authority for the division to write regulations to address Senator Revak's concerns.

MS. WING-HEIER answered yes; the bill authorizes the division to adopt regulations. The division would work with the public, the providers, and the payers to identify gamers and take action accordingly.

CHAIR COSTELLO asked whether travel to an urban center for surgery would be factored in.

MS. WING-HEIER answered that traveling to a place where there are more facilities and more competitive prices would have to be a piece. The procedure itself would fall under the bill, but she did not believe there would be incentive programs to pay for travel.

[2:45:26 PM](#)

At ease

2:47:47 PM

CHAIR COSTELLO reconvened the meeting and asked Ms. Wing-Heier if she would like to comment.

2:48:00 PM

MS. WING-HEIER stated that she would return to the hearing on the bill with different scenarios for how the bill would affect out-of-pocket and deductible costs and if there would be a way to impose a cap so no one is able to profit or game the system.

CHAIR COSTELLO suggested the members send any questions to her office for distribution to the sponsor and the division director. Those responses would also be reviewed at the same time.

CHAIR COSTELLO held SB 41 in committee for future consideration.

2:49:01 PM

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:49 p.m.